

October 18, 2001

**VIA HAND DELIVERY**

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, Massachusetts 02110

Re: Western Massachusetts Electric Company's Request for Approval of  
Standard Offer Interruptible Rate Service Contract for 2002

Dear Secretary Cottrell:

Western Massachusetts Electric Company ("WMECO") hereby requests that the Department of Telecommunications and Energy ("Department") approve the attached contract between WMECO and the winning bidder to supply WMECO's customers with Standard Offer Interruptible Rate service for calendar-year 2002. Five copies of this filing are enclosed. In addition, WMECO is submitting the filing electronically at [dte.efiling@state.ma.us](mailto:dte.efiling@state.ma.us). Section 1B(b) of Chapter 164 of the General Laws requires each distribution company to purchase electricity for Standard Offer service through a competitive bid process that is approved by the Department. The contract submitted is the result of WMECO's competitive bid process.

The great majority of WMECO's Standard Offer service is firm service. On October 16, 2001, the Department approved WMECO's contract for the supply of firm Standard Offer service for calendar 2002. In addition to firm service, however, WMECO has several customers remaining on its interruptible service rates (Rates I-1 and I-3). Because the nature of these customers' load varies from that of firm Standard Offer customers, the Department has in the past approved a separate contract for the supply of these customers (*see, e.g.*, December 29, 2000 letter approving WMECO's interruptible service contract for calendar 2001).

As the Department is aware, WMECO's interruptible rates are closed and the Department has ordered WMECO to terminate the rate over a period of years. Presently, WMECO has only six customers on interruptible rates. In addition, by far the largest interruptible customer has informed WMECO that it will arrange for its energy supply elsewhere and will no longer take service as an interruptible customer as of January 1, 2002. As a result, the interruptible load sought by

WMECO and supplied pursuant to the requested Interruptible Rate contract is very small, less than three megawatts.

The prices to be paid to the winning bidder for Standard Offer Interruptible Rate service during 2002 are shown on page 10 of the attached contract. On a composite basis these prices are slightly lower than those to be paid to the winning bidder for firm Standard Offer service (4.829 cents per kilowatthour). The rates reflect a significant reduction from the prices in place for calendar 2001 and the reduction will directly benefit WMECO's customers. Later this Fall, WMECO will submit to the Department a separate filing which will adjust WMECO's interruptible rates as of January 1, 2002 for the new Standard Offer Interruptible Rate price and for other relevant factors. In this filing, WMECO seeks only approval of the attached contract for Standard Offer Interruptible Rate service supply.

The terms of the attached contract with the winning bidder are similar to those submitted to, and approved by, the Department on October 16, 2001 for firm Standard Offer service. Consistent with that contract, uplift congestion costs are not made the responsibility of the Standard Offer service provider. Pursuant to the Department's Order in D.T.E. 00-110 (December 29, 2000), congestion costs will be recovered as an adjustment to WMECO's transmission rates. The contract attached to this filing has been redacted, as has been the case in the past, to protect the name of the winning bidder and certain limited other terms. WMECO seeks to keep these commercially sensitive terms protected until December 31, 2002. In accordance with Department policy, one copy of the unredacted contract is provided to the Department in a sealed envelope. In addition, those appropriate parties that have signed a confidentiality agreement with WMECO will receive the unredacted contract.

Finally, it is important that the Department expeditiously consider and rule on WMECO's request for approval of its Standard Offer service contract. The winning bidder has made clear to WMECO that an expeditious ruling is critical. Given the favorable prices obtained in this solicitation (and the uncertainty of how bids would change if the service were to be re-bid), WMECO is particularly interested in locking-in the winning bidder's price.

Please contact me or Don Bishop (617/345-4622) should you have any questions concerning this request.

Sincerely,

Stephen Klionsky

cc: Paul Afonso

Jeanne Voveris  
Ronald LeComte  
Joseph Rogers  
Robert Sydney  
Daniel Sardo  
Andrew J. Newman